

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SY-05 SCCT-01 USSS-00 CIAE-00 DODE-00

PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 FEA-01 EB-07 COME-00 INT-05 OMB-01

STR-04 FPC-01 SNM-02 JUSE-00 IO-13 TRSE-00 DEAE-00

CIEP-01 ERDA-05 /103 W

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P 302200Z APR 76

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC PRIORITY 4840

INFO AMCONSUL CALI

AMCONSUL MEDELLIN

AMEMBASSY CARACAS

USSOUTHCOM

C O N F I D E N T I A L BOGOTA 4300

E.O. 11652: GDS

TAGS: PINS, ENRG, SNAR, MORG, PORS, CO

SUBJECT: THE WEEK IN COLOMBIA

1. SUMMARY. AUTHORITIES FRUSTRATED AN ATTEMPT TO RANSOM DUTCH HONORARY CONSUL ERIC LEUPIN, THIS CONFIRMING A NEW HARD GOC LINE ON KIDNAPPING. THE GOC ALSO MOVED TOWARD A NEW OIL PRICING POLICY, WHICH COULD INCREASE PRODUCTION AND EXPLORATION ACTIVITIES. THE APPOINTMENT OF THE CONTROVERSIAL DAS CHIEF AS CHIEF OF STAFF OF THE ARMED FORCES WAS ANNOUNCED, A DISPUTE WITHIN THE NATIONAL POLICE, WITH IMPLICATIONS OF A COVERUP, APPEARED TO LEND CREDENCE TO REPORTS OF CORRUPTION IN THAT ORGANIZATION. END SUMMARY

2. GOC FOILS ATTEMPT TO RANSOM KIDNAPPED DUTCH HONORARY CONSUL. AN ATTEMPT TO RANSOM DUTCH HONORARY CONSUL ERIC LEUPIN, KIDNAPPED BY FARC GUERRILLAS ON JANUARY 31, 1975 (75 BOGOTA 1274) WAS FRUSTRATED THIS WEEK WHEN TROOPS SEIZED A LEUPIN FAMILY  
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REPRESENTATIVE ON HIS WAY TO MEET THE GUERRILLAS WITH A LARGE

SUM OF MONEY. THE PROBABLE LOCATION THE GUERRILLA BAND WHICH IS HOLDING LEUPIN, IF INDEED HE IS STILL ALIVE, IS AN AREA OF HUILA DEPARTMENT THAT UNTIL NOW THE GOC BELIEVED TO HAVE BEEN CLEARED OF GUERRILLAS. THE ACTION TO ABORT THE RANSOM ATTEMPT REPRESENTS THE FIRST IMPLEMENTATION OF A GOC POLICY FORBIDDING RANSOM, WHICH WAS IMPLIED IN PRESIDENT LOPEZ' APRIL 14 ADDRESS (BOGOTA 3835).

3. GOC MOVES TOWARD NEW OIL PRICING POLICY. THE MONETARY BOARD ANNOUNCED THIS WEEK THAT THE PETROLEUM DOLLAR, THE EXCHANGE RATE AT WHICH THE PETROLEUM PRODUCERS ARE PAID THE PESO PORTION OF THEIR EARNINGS, WILL BE ELIMINATED ON MAY 1 AND PRODUCERS PAID AT THE OFFICIAL RATE. THE GOVERNMENT HAS BEEN SLOWLY INCREASING THE PETROLEUM DOLLAR SINCE LAST SEPTEMBER WITH THE INCREASED PRODUCT COSTS BEING PASSED TO CONSUMERS. MORE SIGNIFICANT CHANGES MAY BE ANNOUNCED NEXT WEEK. THE OIL COMPANIES BELIEVE THAT THE PRICE FOR NEW CRUDE MAY GO TO WORLD LEVELS AND THAT THE PRICE FOR INCREMENTAL AND OLD CRUDE MAY BE RAISED ALSO. THE PRICE CHANGES, IF SUFFICIENTLY ATTRACTIVE, COULD RESULT IN A STEP-UP IN PRODUCTION FROM EXISTING FIELDS AND A SHARP INCREASE IN EXPLORATION ACTIVITIES. THE COST OF GASOLINE IN COLOMBIA HAS RISEN SUBSTANTIALLY DURING THE PAST YEAR. THE NEW POLICY WILL BRING FURTHER INCREASES IN COLOMBIAN FUEL PRICES.

4. MATAALLANA MOVES UP. THE MINISTRY OF DEFENSE THIS WEEK OFFICIALLY ANNOUNCED THE LONG-RUMORED APPOINTMENT OF MAJOR GENERAL JOSE MATAALLANA AS CHIEF OF STAFF, ARMED FORCES, AND HIS PROMOTION TO THREE-STAR RANK. (THE CHIEF OF STAFF, IN THE COLOMBIAN SYSTEM, FUNCTIONS IN A STAFF CAPACITY UNDER THE COMMANDER OF THE ARMED FORCES.) THE GENERAL IS EXPECTED TO ASSUME HIS NEW POST IN EARLY MAY. SINCE AUGUST 1974, MATAALLANA HAS HEADED-UP THE DEPARTMENT OF ADMINISTRATIVE SECURITY (DAS), COLOMBIA'S EQUIVALENT OF THE FBI. A CONTROVERSIAL AND SOMEWHAT ERRATIC FIGURE WHO EARNED A REPUTATION AS A TOUGH GUERRILLA FIGHTER DURING COLOMBIA'S "VIOLENCIA", THE GENERAL IS CREDITED WITH CLEANING UP DAS AND MAKING IT A MORE EFFECTIVE FORCE. IN THE PROCESS, MATAALLAN BOASTS THAT HE FIRED FOR CORRUPTION FULLY HALF OF THE 3,000 DAS AGENTS ON BOARD WHEN HE TOOK

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OVER. THOUGH U.S. RELATIONS WITH THE GENERAL AS HEAD OF DAS HAVE NOT ALWAYS BEEN SMOOTH, EMBASSY OFFICIALS HAVE NEVER DOUBTED HIS DEDICATION, PARTICULARLY IN REGARD TO THE FIGHT AGAINST INTERNATIONAL DRUG TRAFFICKERS. HE LEAVES BEHIND A WELL-TRAINED, MOTIVATED AND EFFECTIVE, THOUGH UNDER-MANNED, DAS NARCOTICS UNIT. IT REMAINS TO BE SEEN IF MATAALLANA'S SUCCESSOR--AS YET UNNAMED--WILL FOLLOW THROUGH WITH HIS INITIATIVES TO IMPROVE THE ONCE-TARNISHED DAS IMAGE AND

KEEP THAT AGENCY IN THE FOREFRONT OF THE GOC'S ACTIVE DRUG ENFORCEMENT EFFORT.

5. REMOVAL OF POLICE INSPECTOR GENERAL. A CONTROVERSY WITHIN THE NATIONAL POLICE FORCE HAS PROBABLY FURTHER DISCREDITED THE REPUTATION OF THAT ORGANIZATION. AFTER ONLY 14 DAYS ON THE JOB, THE INSPECTOR GENERAL, GENERAL CORTES, WAS INVOLUNTARILY RETIRED ON APRIL 28 AFTER REFUSING TO HONOR A REQUEST BY THE POLICE DIRECTOR, GENERAL GARCIA, TO RETIRE VOLUNTARILY. CORTES CLAIMED THAT HE HAD UNCOVERED FISCAL IRREGULARITIES IN THE POLICE BENEVOLENT FUND, IMPLYING THAT HE WAS RETIRED TO COVER UP CORRUPTION AMONG SENIOR POLICE OFFICIALS. IN FACT, SEVERAL INVESTIGATIONS OF THE FUND HAVE BEEN UNDERWAY FOR SOME TIME, AND MALFEASANCE ON THE PART OF THE FUND'S DIRECTORS IS LIKELY. HOWEVER, CORTES WAS NOT ON THE JOB LONG ENOUGH TO HAVE DISCOVERED ANYTHING NEW. THE RETIREMENT OF HIGH-RANKING POLICE AND MILITARY OFFICERS IS COMMON AT THIS TIME OF THE YEAR AND CORTES, REPORTEDLY, WAS DUE TO BE RETIRED BUT WAS APPOINTED AS INSPECTOR GENERAL DUE TO SLOPPY ADMINISTRATION. GARCIA HIMSELF, ACCORDING TO SOME SOURCES, WAS DUE TO BE RETIRED, BUT WILL PROBABLY RETAIN HIS POSITION UNTIL THE CONTROVERSY SUBSIDES, IN ORDER TO AVOID THE APPEARANCE THAT HIS DEPARTURE IS DUE TO CORTES' CHARGES.

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## Message Attributes

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